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THE BUSINESS REVIEW



FEDERAL RESERVE BANK OF PHILADELPHIA

MARCH 1, 1943

Spectacular actions designed to adjust the economy more completely to the war were taken in the past month in both production and civilian consumption. In the field of production the President issued an executive order on manpower, stating that subject to such regulations as might be issued by the Chairman of the War Manpower Commission no place of employment shall be deemed to be "making the most effective utilization of its manpower if the minimum workweek therein is less than forty-eight hours per week." The Chairman of the War Manpower Commission, pursuant to this order, designated 32 areas of labor shortage, none of them in this district, where, subject to certain exceptions, the objective of a forty-eight hour minimum must be reached. Plants in such areas must cease recruiting employees until the objective is attained. The requirements of overtime pay for work in excess of legal, agreed, or customary work weeks were not changed by the order.

In the field of civilian consumption the Office of Price Administration rationed shoes and many processed foods. Rationing of shoes, undertaken because of a critical shortage of heavy sole leather, began without warning on February 9. Rationing of several hundred processed foods was begun on March 1 after extensive publicity both prior to and during the week in which sales of such foods to consumers were prohibited. These measures are designed to assure an equitable distribution of available

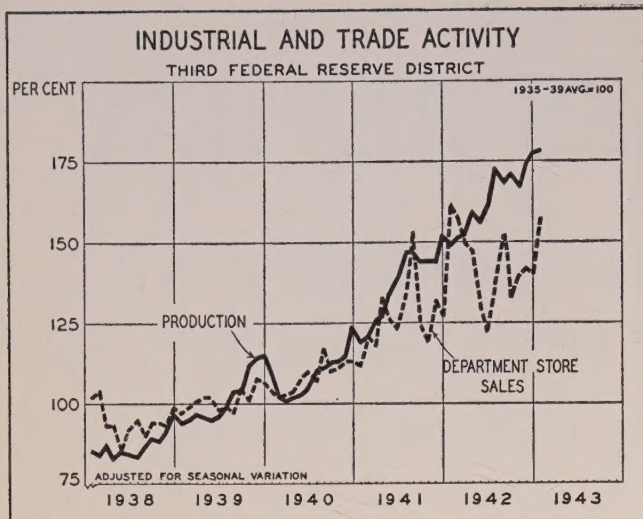
civilian supplies. Control over prices, through temporary ceilings, has been extended to many fresh fruits and vegetables.

Requirements of war are reflected also in less spectacular developments. The rapid completion of necessary facilities has resulted in declining activity in building. In addition there have been considerable reductions in the volume of contemplated work. At war plants output continues at record levels, more than offsetting declines in the production of goods for civilians.

In achieving this larger output industry purchased more electric power. Although production of coal was smaller than usual in January, primarily because of work stoppages earlier in the month, the anthracite industry and many bituminous collieries have now adopted the six-day week to help meet the exceptional demands for fuel.

The high rate of activity has maintained incomes of wage earners at the peak levels established in December as expansion of employment at plants producing heavy goods offsets declines in plants producing lighter goods.

The continuation of large incomes in turn maintained retail trade at high levels in January and made possible heavy anticipatory purchases of clothing, after shoes were rationed early in February. Although still greater than a year ago, the value of retail inventories declined

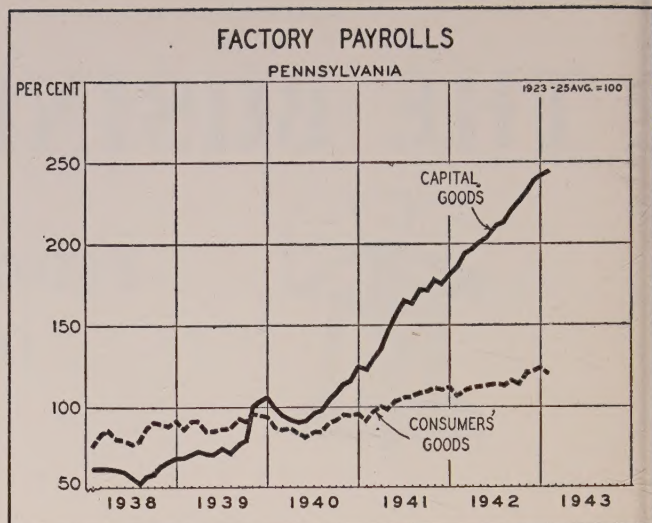


more than usual in January. Wholesale inventories, which increased somewhat in the month, remain considerably smaller than a year ago.

The Victory Fund organization is being perfected in this district as elsewhere in the country to enlist a substantial part of current high incomes in the war effort. The next major Treasury drive will begin on April 12.

Manufacturing. The demand for factory products in this district remains strong. In some heavy goods lines, the volume of orders has risen to new peaks, reflecting continued expansion in military and Lend-Lease requirements. Commitments for the products of many nondurable goods industries, however, are declining, as raw material shortages and the scarcity of skilled workers make it increasingly difficult to assure delivery within reasonable periods; in some instances it has become necessary for manufacturers to accept new business on a quota basis. The principal exception to this trend is reported at clothing mills, where the volume of Government orders has decreased temporarily, and raw wool allotments for civilian apparel have been increased recently by the WPB.

Operations at war plants are maintained at record levels, but production is still decreasing in a number of nonessential lines. Output of many building materials has been curtailed in recent months, as a large volume of contemplated construction has been postponed until after the war. Unfilled orders for some durable goods are increasing, and backlogs remain heavy in the case of many lighter products.

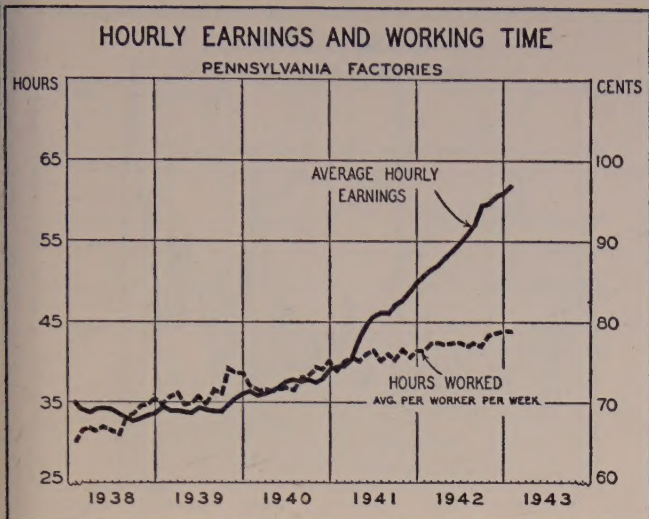


Shipments generally continue large although deliveries to civilians are below the levels prevailing in the early weeks of 1942.

Factory employment and wage payments in Pennsylvania were unusually well maintained in January. The number of wage earners approximated the December peak of 1,200,000, and payrolls remained at the record level of \$46 million a week. Compared with a year ago, employment increased 6 per cent and wage disbursements 25 per cent. Total working time also was about the same as in December, but 12 per cent greater than in January 1942. Activity increased in the month in certain heavy goods lines, reflecting a further expansion in munitions industries; but declines were reported at plants turning out lighter products, including textiles, foods, and leather manufactures.

Weekly income of workers at reporting factories in Pennsylvania rose to a new high average of \$42.03, from \$41.86 in December, and \$35.25 in January 1942. Average hourly earnings increased in January to 97 cents, a gain of about 11 cents an hour over a year ago, and the highest in records back to 1927. Average working time continued at the twelve-year peak of approximately 44 hours reached in December.

In Delaware factories employment and working time decreased somewhat from December to January, while payrolls showed a small gain. The number employed was 25 per cent and the volume of wage payments 50 per cent greater than in January 1942. Total employee hours worked increased about one-third in this period.

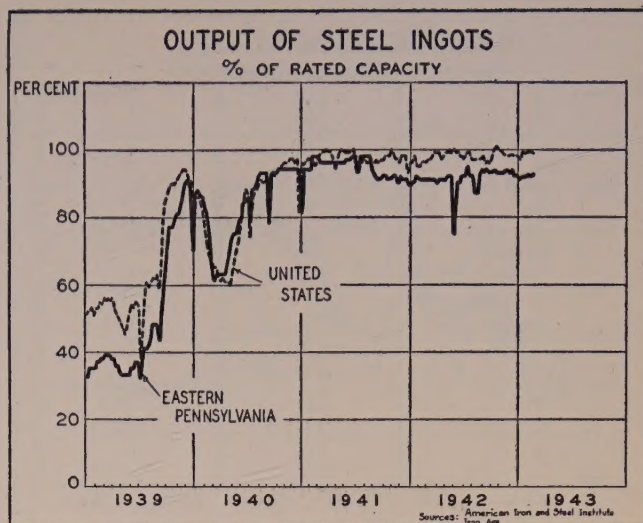


Output of factory products in this district was unusually well sustained in January by the exceptionally high rate of activity in heavy industries. The production of durable goods on a seasonally adjusted basis increased 4 per cent in the month to a level 40 per cent above January 1942. At plants making lighter products, including many textiles and shoes, output declined 4 per cent from December to January and was little larger than a year ago.

Production of electric power was well sustained in January at a level 9 per cent above a year ago. Sales to industries increased more than seasonally in the month, and were 19 per cent greater than in January 1942.

Coal and other fuels. Demand for all fuels continues exceptionally heavy. The tight supply situation in solid fuels, made more acute by the stoppage of work at anthracite collieries in January, has eased somewhat in recent weeks. Sales of hard coal at the mines increased in early February, as dealers replenished stocks that had declined to unusually low levels in the preceding month. Manufacturing plants and other industrial consumers of bituminous coal have been purchasing larger quantities to meet the requirements of expanding operations. Further increases in capacity at blast furnaces are reflected in a growing demand for coking coal and by-product coke.

Ceiling prices for anthracite and bituminous coal have been revised upward by the OPA to offset increases in the cost of production incident to establishment of a longer workweek in both industries.

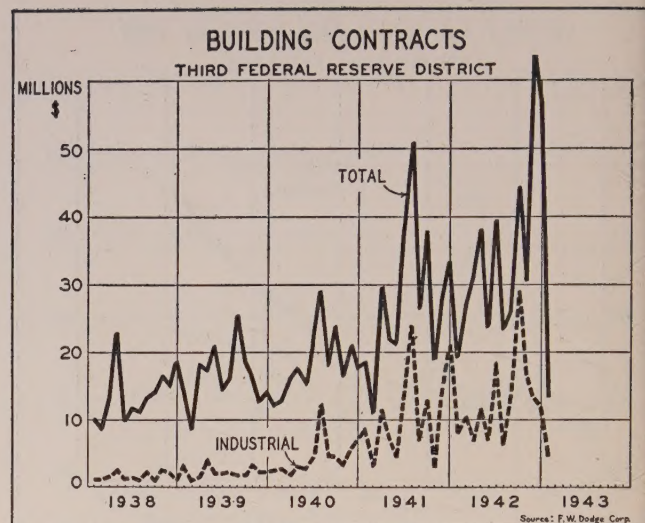
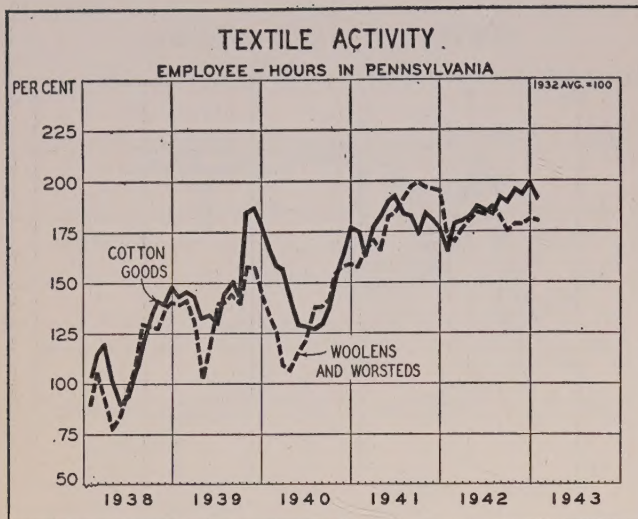


Output of anthracite declined 11 per cent in January to approximately 4,300,000 tons, and was the smallest for the month since 1937. Following strikes at a large number of collieries in the early part of the month, production expanded sharply to reflect fully the influence of operations on a six instead of a five-day basis.

Production of bituminous coal in Pennsylvania increased less than usual from December to January and was below the level of a year ago. A contraseasonal gain in early February was due in part to the adoption of a six-day workweek at some collieries. Shipments of soft coal expanded in January, as producers complied with requests for a substitute fuel in certain anthracite-consuming areas.

Building. Construction activity in this district has slackened further since the turn of the year, reflecting in part the postponement of a substantial volume of new building not vital to a successful all-out war effort. Curtailed operations in the industry as a whole are releasing vital materials, manpower, and equipment for the production of military and Lend-Lease goods. Further declines in building are in prospect in coming months.

The value of new contract awards declined very sharply in January to a level 30 per cent below a year ago. Substantial decreases were reported in the month for nearly all classes of construction, the most pronounced being in contracts for public works and utilities and non-residential buildings, including factory and commercial structures. Total placements in January amounted to only a little over \$13 mil-



lion, as against a thirteen-year peak of \$64 million reached last November.

Building contracts Philadelphia Federal Reserve District	January 1943 (000's omitted)	Per cent change	
		From month ago	From year ago
Residential	\$ 3,993	- 47	- 7
Apts. and hotels.....	2,482	- 58	+266
Family houses.....	1,511	- 2	- 58
Nonresidential	6,253	- 77	- 32
Commercial.....	207	- 66	- 88
Factories.....	4,356	- 61	- 31
Educational.....	214	+116	+590
All other.....	1,476	- 90	+ 28
Total buildings.....	\$10,246	- 71	- 24
Public works and utilities.....	3,151	- 86	- 44
Grand total.....	\$13,397	- 77	- 30

Source: F. W. Dodge Corporation.

Trade. Retail sales in this district in January decreased less than seasonally from the all-time high reached in December. Sales in the first three weeks of February reflected the influence of the heavy anticipatory purchases of clothing that followed the rationing of shoes early in the month.

Dollar sales by department, women's apparel, and shoe stores increased on an adjusted basis from December to January, but business at men's apparel stores did not measure up to seasonal expectations. Sales of shoes were 15 per cent greater than a year ago and a moderate increase was reported in the case of women's apparel. Department store sales showed only a small decline from the high level prevailing in January 1942, while sales of men's apparel were reduced by more than one-third.

Inventories declined more than seasonally in January at reporting department and shoe

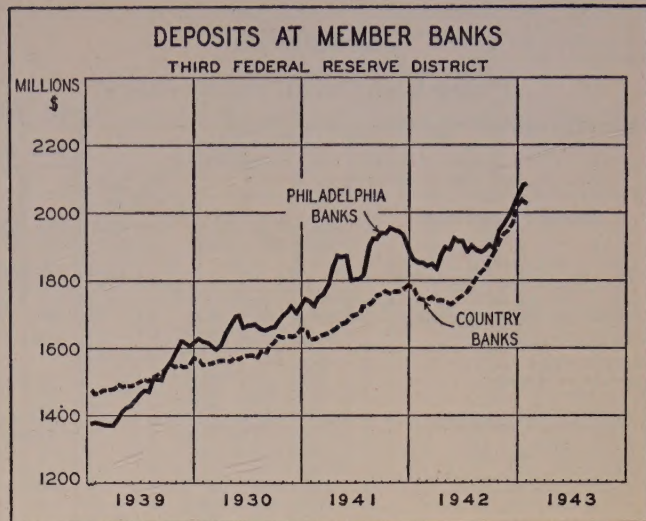
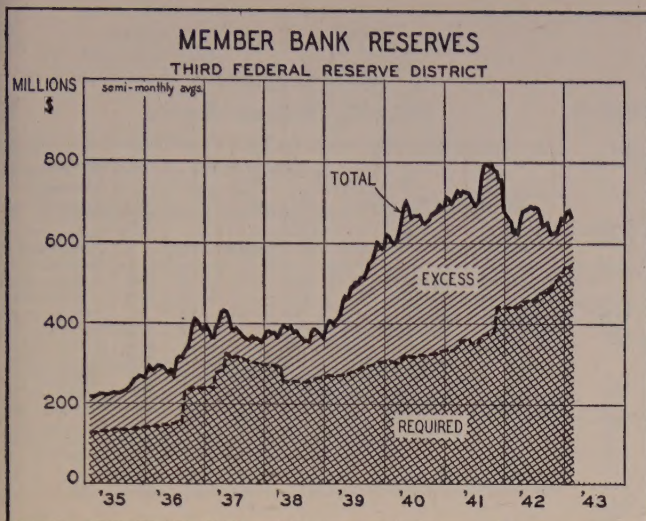
stores, but they were virtually unchanged at women's apparel stores, where substantial decreases are usual. At the end of the month stocks in all lines were larger than a year earlier, the most pronounced increase being at women's apparel stores. Outstanding commitments for merchandise at department stores expanded sharply in January and were nearly 20 per cent greater than a year ago.

Wholesale trade sales in the aggregate were maintained at about the December level, sharp gains in the case of dry goods, shoes, and paper being offset by declines in most other reporting lines. Total sales were 6 per cent larger than in January 1942, reflecting increases in all branches of trade except hardware and paper. Inventories at wholesale establishments increased somewhat from December to January but were substantially smaller than a year earlier.

Rail freight shipments in this section continued heavy during January. Loadings of all classes of commodities except coal, coke, and livestock increased in the month on a seasonally adjusted basis. Although the number of cars handled by the carriers was less than a year ago, the volume of freight was larger, owing to heavier loadings per car.

Banking conditions. The Secretary of the Treasury announced that the second major fund drive of this war would begin on April 12. Greater emphasis is to be placed upon purchases of Treasury securities by others than commercial banks.

In view of the size and urgency of the task



the Treasury has consolidated and strengthened the forces on the financial sector of the fighting front. Just as the military authorities have blended the army and navy into a unified command in a given area, so the Treasury has fused the two fund-raising units, the War Savings Staff and the Victory Fund Committee, into one working unit to be known as the "United States Treasury War Financing Committee." The chairman of this committee will be a newly appointed National Director of Sales. Similar committees will be established in each of the 12 Reserve Districts with the president of the Reserve Bank as chairman with full authority and responsibility under direction of the national director.

Public debt operations of the Treasury in February were largely routine. Delivery of a new issue of certificates of indebtedness on the first of the month, while principally to provide funds for the redemption of a maturing issue, also provided some new money. Weekly placements of Treasury bills in excess of maturities supplied about \$800 million; in the Third Federal Reserve District weekly awards averaged larger than in either January or December. Substantial amounts also were raised by sales of savings bonds.

At reporting banks in leading cities of the district the investment in Governments increased by \$44 million in the five weeks ended February 24, reflecting chiefly the new certificates and increased holdings of Treasury bills. The portfolio now aggregates \$1,135 million, or 62 per cent of all earning assets; this proportion will increase as the war is prolonged. Since

the beginning of the defense program in the early summer of 1940 holdings of Governments have risen nearly \$700 million. Recent changes in other types of outstanding credit have been much smaller. Disbursements were made on credits to war industries, but over the five-week period total commercial loans were increased only slightly and remained substantially smaller than a year ago.

Deposits of individuals and business concerns were raised to a new high of \$1,733 million on February 24 by Treasury disbursements and funds gained in the interdistrict settlements. The increase of \$100 million in late weeks extended the gain in the past year to \$273 million.

Member bank reserves have not changed materially over the past month. A decline of \$6 million to \$667 million was due principally to the heavy demand for currency. The Treasury drew actively upon balances with depository banks, but its total receipts were only \$16 million above expenditures. The effect of currency and Treasury operations upon reserves was largely offset by funds received from other districts.

In view of generally comfortable reserve positions and the availability of the Treasury bill as a means of securing temporary accommodation, few member banks in this district have been borrowing from the Reserve Bank. Holdings of bills acquired under the repurchase option have not changed materially since the middle of January and outstanding industrial advances of this Bank have been steady.

BUSINESS STATISTICS

Production

Philadelphia Federal Reserve District

Indexes: 1923-5 =100	Adjusted for seasonal variation					Not adjusted		
	Jan. 1943	Dec. 1942	Jan. 1942	Per cent change		Jan. 1943	Dec. 1942	Jan. 1942
				Jan. 1943 from				
				Mo. ago	Year ago			
INDUSTRIAL PRODUCTION.....	145p	144	121r	0	+ 20	143p	142	119
MANUFACTURING.....	150p	149	123r	+ 1	+ 22	148p	146	120
Durable goods.....	241p	233	173r	+ 4	+ 40	.....	.....	.....
Consumers' goods.....	89p	92	87	- 4	+ 1	.....	.....	.....
Metal products.....	175	174r	156r	0	+ 12	168	167r	150
Textile products.....	67p	72	69r	- 6	- 2	69p	71	71r
Transportation equipment.....	621p	586r	329	+ 6	+ 89	629p	606r	330
Food products.....	101p	104	90	- 3	+ 12	99p	102	89
Tobacco and products.....	138	141	134	- 2	+ 3	114	102	111
Building materials.....	56p	55	63	+ 2	- 10	47p	50	52
Chemicals and products.....	148p	143	153	+ 3	- 3	145p	141	149
Leather and products.....	106p	115	119	- 8	- 11	110p	108	123
Paper and printing.....	92	94	93	- 3	- 2	92	95	93
Individual lines.....	.....	.....	.....	.....	.....	.....	.....	.....
Pig iron.....	103	104	116	- 1	- 11	100	103	113
Steel.....	136	140	130	- 3	+ 4	133	131	128
Silk manufactures.....	78	82	68	- 5	+ 15	79	84r	69
Woolens and worsteds.....	62p	63	66r	- 2	- 5	63p	60	66r
Cotton products.....	59	58	52r	+ 2	+ 15	60	62	53r
Carpets and rugs.....	56p	55	64	+ 1	- 14	55p	55	63
Hosiery.....	75	83	78	- 9	- 4	78	80	82
Underwear.....	158	160	145	- 1	+ 9	155	158	142
Cement.....	88p	84	102	+ 5	- 13	62p	69	71
Brick.....	71	70	72r	+ 1	- 1	66	68	67r
Lumber and products.....	30	30	34	- 1	- 14	27	29	32
Bread and bakery products.....	.....	.....	.....	- 2*	+ 16*	111	113	96
Slaughtering, meat packing.....	91	104	98	- 12	- 7	100	112	107
Sugar refining.....	112	112	57	0	+ 96	77	73	39
Canning and preserving.....	113p	110	100	+ 2	+ 12	112p	112	97
Cigars.....	138	140	134	- 2	+ 3	113	101	110
Paper and wood pulp.....	84	82r	91	+ 2	- 8	83	83r	90
Printing and publishing.....	93	97r	94r	- 3	0	93	98r	94r
Shoes.....	125	151	125	- 17	0	128	128	127
Leather, goat and kid.....	87p	81	113r	+ 8	- 23	92p	88	120r
Paints and varnishes.....	100	93	104	+ 8	- 3	90	90	94
Coke, by-product.....	161p	165	156	- 2	+ 3	161p	160	156
COAL MINING.....	59	65	60	- 10	- 2	68	69	69
Anthracite.....	56	63	57	- 11	- 2	65	67	66
Bituminous.....	79	82	84r	- 4	- 5	90	86	95
CRUDE OIL.....	450	459	474	- 2	- 5	432	432	455
ELECTRIC POWER—OUTPUT.....	374	373	343	0	+ 9	397	399	364
Sales, total.....	391	381	357	+ 3	+ 9	403	392	368
Sales to industries.....	326	310	275	+ 5	+ 19	317	294	266
BUILDING CONTRACTS.....	.....	.....	.....	.....	.....	.....	.....	.....
TOTAL AWARDS†.....	165	183	96	- 10	+ 70	183	203	107
Residential†.....	64	60	50	+ 7	+ 29	52	58	40
Nonresidential†.....	190	234	158	- 19	+ 21	205	252	170
Public works and utilities†.....	399	426	121	- 6	+ 230	510	511	155

*Unadjusted for seasonal variation.

p—Preliminary.

†3-month moving daily average centered at 3rd month.

r—Revised.

Local Business Conditions*

Percentage change— January 1943 from month and year ago	Employment		Payrolls		Building permits value		Retail sales		Debits	
	Dec. 1942	Jan. 1942	Dec. 1942	Jan. 1942	Dec. 1942	Jan. 1942	Dec. 1942	Jan. 1942	Dec. 1942	Jan. 1942
Allentown.....	- 1	+ 7	+ 1	+ 19	- 16	- 76	- 58	- 10	- 5	+ 5
Altoona.....	0	- 3	- 4	+ 5	.....	.....	- 58	- 16	- 18	- 15
Harrisburg.....	- 1	- 4	0	+ 15	.....	+ 50	- 53	- 1	- 15	+ 5
Johnstown.....	- 1	- 8	+ 8	+ 7	.....	+ 83	.....	.....	- 17	- 15
Lancaster.....	+ 1	+ 10	0	+ 36	+ 48	- 71	- 58	- 11	- 15	- 5
Philadelphia.....	+ 1	+ 18	+ 1	+ 45	- 83	- 81	- 55	- 1	- 12	+ 6
Reading.....	- 1	- 6	0	+ 13	- 69	- 93	- 56	- 4	- 9	+ 5
Scranton.....	- 1	+ 2	- 5	+ 15	- 75	- 63	- 61	- 18	- 17	- 13
Trenton.....	.....	.....	.....	.....	- 81	- 76	- 62	+ 3	- 36	- 27
Wilkes-Barre.....	0	+ 16	- 2	+ 51	+ 56	- 75	- 57	- 2	- 11	0
Williamsport.....	+ 1	+ 10	+ 2	+ 32	+ 21	- 82	.....	.....	- 14	+ 26
Wilmington.....	- 2	+ 34	+ 1	+ 68	- 67	- 79	- 57	- 14	- 35	+ 18
York.....	- 1	+ 1	- 1	+ 18	.....	+ 184	- 58	- 2	- 15	+ 1

*Area not restricted to the corporate limits of cities given here.

Employment and Income

in Pennsylvania

Industry, Trade and Service

Indexes: 1932 = 100	Employment			Payrolls		
	Jan. 1943 index	Per cent change from		Jan. 1943 index	Per cent change from	
		Dec. 1942	Jan. 1942		Dec. 1942	Jan. 1942
GENERAL INDEX	133	- 5	+ 2	290	- 3	+ 20
Manufacturing.....	181	0	+ 6	430	0	+ 25
Anthracite mining.....	55	- 10	- 15	66	- 24	- 3
Bituminous coal mining.....	99	+ 7	- 7	317	- 2	+ 5
Building and construction.....	45	- 8	- 7	106	- 6	+ 21
Quar. and nonmet. mining.....	106	- 6	- 9	313	- 5	+ 11
Crude petroleum prod.....	140	0	0	203	+ 1	+ 13
Public utilities.....	100	- 1	- 5	131	0	+ 3
Retail trade.....	113	- 24	+ 1	146	- 24	0
Wholesale trade.....	109	+ 3	- 12	141	- 2	- 2
Hotels.....	97	+ 1	0	142	- 3	+ 10
Laundries.....	112	+ 2	- 2	166	+ 2	+ 3
Dyeing and cleaning.....	91	- 6	- 10	138	- 6	+ 6

Manufacturing

Indexes: 1923-25 = 100	Employment*			Payrolls*		
	Jan. 1943 index	Per cent change from		Jan. 1943 index	Per cent change from	
		Dec. 1942	Jan. 1942		Dec. 1942	Jan. 1942
TOTAL	117	0	+ 6	176	0	+ 25
Iron, steel and products.....	127	0	+ 7	247	+ 1	+ 25
Nonferrous metal products.....	194	+ 1	+ 3	376	+ 3	+ 26
Transportation equipment.....	134	+ 3	+ 35	226	+ 1	+ 57
Textiles and clothing.....	88	- 1	- 3	115	- 2	+ 17
Textiles.....	80	- 1	- 3	107	- 2	+ 18
Clothing.....	118	- 1	- 4	152	- 2	+ 12
Food products.....	115	- 2	+ 2	151	- 2	+ 15
Stone, clay and glass.....	92	- 2	- 7	120	- 4	+ 6
Lumber products.....	51	- 1	- 16	68	- 5	+ 2
Chemicals and products.....	120	+ 1	+ 4	183	0	+ 20
Leather and products.....	90	- 2	- 5	126	- 1	+ 12
Paper and printing.....	101	- 1	- 5	132	- 3	+ 6
Printing.....	93	- 1	0	115	- 4	+ 9
Others:	.....	.....	.....	.....	.....	.....
Cigars and tobacco.....	66	- 4	- 9	82	- 5	+ 14
Rubber tires, goods.....	119	0	+ 33	214	+ 6	+ 73
Musical instruments.....	75	- 5	+ 7	118	- 5	+ 42

*Figures from 2929 plants.

Hours and Wages

Factory workers Averages January 1943 and per cent change from year ago	Weekly working time*		Hourly earnings*		Weekly earnings†	
	Average hours	Ch'ge	Average	Ch'ge	Average	Ch'ge
TOTAL	43.8	+ 6	\$.970	+ 13	\$42.03	+ 19
Iron, steel and prod.....	44.9	+ 5	1.048	+ 11	47.01	+ 17
Nonfer. metal prod.....	44.5	+ 7	.924	+ 20	41.14	+ 28
Transportation equip.....	47.9	+ 2	1.115	+ 14	53.40	+ 17
Textiles and clothing.....	38.9	+ 7	.682	+ 12	26.29	+ 20
Textiles.....	39.8	+ 8	.707	+ 13	28.07	+ 22
Clothing.....	36.6	+ 6	.618	+ 10	22.70	+ 15
Food products.....	41.3	+ 3	.734	+ 10	30.53	+ 13
Stone, clay and glass.....	37.7	+ 2	.857	+ 8	32.39	+ 11
Lumber products.....	43.3	+ 11	.663	+ 11	28.37	+ 23
Chemicals and prod.....	41.5	+ 8	.985	+ 6	41.12	+ 16
Leather and products.....	40.3	+ 4	.685	+ 12	27.56	+ 16
Paper and printing.....	41.8	+ 2	.839	+ 9	35.34	+ 11
Printing.....	38.8	+ 2	.970	+ 6	37.88	+ 8
Others:	.....	.....	.....	.....	.....	.....
Cigars and tobacco.....	41.1	+ 10	.555	+ 14	22.77	+ 25
Rubber tires, goods.....	43.9	+ 12	.907	+ 17	39.83	+ 31
Musical instruments.....	45.3	+ 4	.912	+ 27	41.37	+ 32

*Figures from 2743 plants.

†Figures from 2929 plants.

Distribution and Prices

Wholesale trade Unadjusted for seasonal variation	Per cent change	
	January 1943 from	
	Month ago	Year ago
Sales		
Total of all lines.....	0	+ 6
Boots and shoes.....	+21	+15
Drugs.....	+1	+ 8
Dry goods.....	+26	+ 9
Electrical supplies.....	- 5	+48
Groceries.....	- 7	+ 2
Hardware.....	-18	-18
Jewelry.....	-37	+ 5
Paper.....	+12	-44
Inventories		
Total of all lines.....	+ 4	-23
Dry goods.....	+ 2	-13
Electrical supplies.....	+ 5	-27
Groceries.....	+ 5	-26
Hardware.....	+ 5	-37
Jewelry.....	+23	-35
Paper.....	- 6	- 5

Source: U. S. Department of Commerce.

Prices	Jan. 1943	Per cent change from		
		Month ago	Year ago	Aug. 1939
Basic commodities (Aug. 1939=100).....	174	+ 1	+ 6	+74
Wholesale (1926=100).....	102	+ 1	+ 6	+36
Farm.....	117	+ 3	+16	+92
Food.....	105	+ 1	+12	+57
Other.....	96	0	+ 1	+20
Living costs (1935-1939=100).....	121	0	+ 8	+22
United States.....	120	0	+ 8	+22
Philadelphia.....	130	0	+14	+40
Food.....	126	0	+10	+27
Clothing.....	107	0	+ 1	+ 4
Fuels.....	105	+ 1	+ 2	+ 9
Housefurnishings.....	122	0	+ 4	+22
Other.....	114	0	+ 5	+13

Source: U. S. Bureau of Labor Statistics.

Indexes: 1935-1939 =100	Adjusted for seasonal variation					Not adjusted		
	Jan. 1943	Dec. 1942	Jan. 1942	Per cent change		Jan. 1943	Dec. 1942	Jan. 1942
				January 1943 from				
				Month ago	Year ago			
RETAIL TRADE								
Sales								
Department stores—District.....	157p	140	162	+12	- 3	112p	262	116
Philadelphia.....	157	138	158	+14	- 1	114	263	116
Women's apparel.....	134p	131	128	+ 2	+ 4	116p	215	111
Men's apparel.....	121p	145	186	-16	-35	110p	242	170
Shoe.....	187p	146	162	+28	+15	142p	174	123
Inventories								
Department stores—District.....	148p	150	132	- 1	+12	130p	137	116
Philadelphia.....	147	152	127	- 3	+16	131	143	113
Women's apparel.....	165p	148	130	+12	+27	144p	144	113
Shoe.....	107p	111	100	- 4	+ 6	96p	103	90
FREIGHT-CAR LOADINGS†								
Total	127	126	142	0	-10	121	121	134
Merchandise and miscellaneous.....	126	126	149	+ 1	-15	118	119	138
Merchandise—L.C.I.....	79	77	109	+ 2	-28	74	76	103
Coal.....	115	116	118	- 1	- 3	129	125	132
Ore.....	190	166	179	+14	+ 6	72	81	66
Coke.....	174	188	172	- 8	+ 1	200	203	196
Forest products.....	119	110	131	+ 8	- 9	96	93	106
Grain and products.....	129	116	127	+11	+ 1	125	121	122
Livestock.....	115	132	101	-13	+13	116	141	102
MISCELLANEOUS								
Life insurance sales†.....	94	84	193	+12	-51	89	90	186
Hotels—(1934 =100).....								
Occupancy.....				+15*	+21*	138p	120	114
Income, total.....				+ 5*	+27*	163p	155	128
Business liquidations.....								
Number.....				+62*	-53*	39	24	82
Amount of liabilities.....				+74*	+ 7*	26	15	24
Check payments r.....	154	143	142	+ 8	+ 9	153	172	140

*From unadjusted data. p—Preliminary. r—Revised. †Adjusted series revised.

BANKING STATISTICS

MEMBER BANK RESERVES AND RELATED FACTORS

Reporting member banks (000,000's omitted)	Feb. 24, 1943	Changes in—	
		Five weeks	One year
Assets			
Commercial loans.....	\$ 225	+ \$ 1*	+ \$ 50*
Open market paper.....	16	- 2	- 26
Loans to brokers, etc.....	28	+ 1	+ 1
Other loans to carry secur.....	11	- 1*	†
Loans on real estate.....	46		- 3
Loans to banks.....	122		- 1
Other loans.....	122	+ 5*	†
Total loans.....	\$ 448	+ \$ 4	- \$111
Government securities.....	\$1066	+ \$44	+ \$559
Obligations fully guar teed.....	69		- 34
Other securities.....	230	- 6	- 37
Total investments.....	\$1365	+ \$38	+ \$488
Total loans & investments	\$1813	+ \$42	+ \$377
Reserve with F. R. Bank.....	433	- 11	+ 31
Cash in vault.....	29	+ 3	+ 3
Balances with other banks.....	116	+ 8	**
Other assets—net.....	65	+ 2	- 5
Liabilities			
Demand deposits, adjusted.....	\$1573	+ \$94	+ \$324
Time deposits.....	168		- 20
U. S. Government deposits.....	109	- 54	+ 69
Interbank deposits.....	374	+ 3	**
Borrowings.....			
Other liabilities.....	12	+ 1	
Capital account.....	220		+ 3

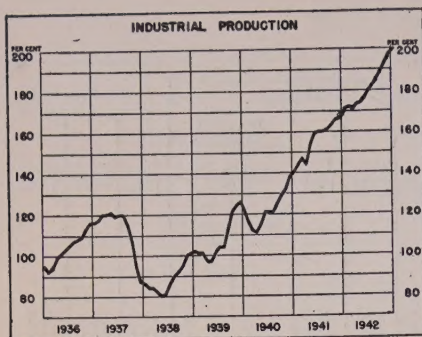
*Revised.

†Not available.

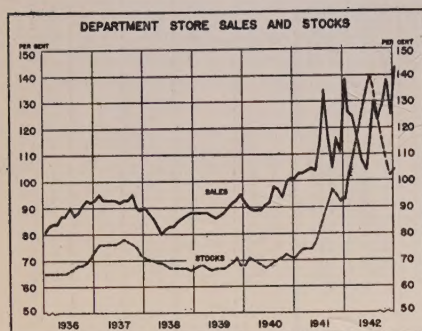
**Reciprocal bank balances now reported net.

Philadelphia Federal Reserve District (Millions of dollars)	Changes in weeks ended—					Change in five weeks
	Jan. 27	Feb. 3	Feb. 10	Feb. 17	Feb. 24	
Sources of funds:						
Reserve Bank credit extended in district.....	- 5.3	+11.3	- 4.9	+ 3.4	- 4.0	+ 0.5
Commercial transfers (chiefly interdistrict).....	+15.3	- 2.4	+20.7	+22.2	+ 6.9	+62.7
Treasury operations.....	+25.3	-32.1	- 0.0	-16.3	+ 7.0	-16.1
Total.....	+35.3	-23.2	+15.8	+ 9.3	+ 9.9	+47.1
Uses of funds:						
Currency demand.....	+ 9.6	+12.0	+15.0	+ 3.8	+12.7	+53.1
Member bank reserve deposits.....	+23.1	-39.4	+ 7.3	+ 6.7	- 3.9	- 6.2
"Other deposits" at Reserve Bank.....	+ 2.3	+ 3.7	- 6.7	- 1.4	+ 0.9	- 1.2
Other Federal Reserve accounts.....	+ 0.3	+ 0.5	+ 0.2	+ 0.2	+ 0.2	+ 1.4
Total.....	+35.3	-23.2	+15.8	+ 9.3	+ 9.9	+ 47.1
Federal Reserve Bank of Phila. (Dollar figures in millions)	Feb. 24, 1943	Changes in—				
		Five weeks	One year			
Bills discounted.....	\$ 0.6	+ \$ 0.2	- \$ 0.3			
Bills bought.....	0	0	0			
Industrial advances.....	4.5	+ 0.2	+ 1.0			
U. S. securities.....	406.8	- 35.4	+ 228.1			
Total.....	\$411.9	- \$35.0	+ \$228.8			
Note circulation.....	887.5	+ 38.3	+ 285.5			
Member bk. deposits.....	666.6	- 6.2	+ 79.1			
U. S. general account.....	11.3	- 11.7	- 70.3			
Foreign deposits.....	67.5	- 2.9	+ 6.6			
Other deposits.....	6.3	- 1.2	- 9.6			
Total reserves.....	1241.1	+ 55.8	+ 57.2			
Reserve ratio.....	75.7%	+ 2.7%	- 12.1%			
Member bank reserves (Daily averages; dollar figures in millions)		Held	Re- quired	Ex- cess	Ratio of excess to re- quired	
Phila. banks						
1942: Feb. 1-15.....	\$443	\$298	\$145	49%		
1943: Jan. 1-15.....	418	358	60	17		
Jan. 16-31.....	425	357	68	19		
Feb. 1-15.....	410	362	48	13		
Country banks						
1942: Feb. 1-15.....	\$213	\$143	\$70	49%		
1943: Jan. 1-15.....	256	184	72	39		
Jan. 16-31.....	253	183	70	38		
Feb. 1-15.....	252	185	67	37		

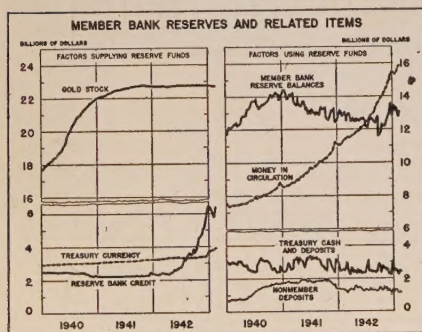
National Summary of Business Conditions



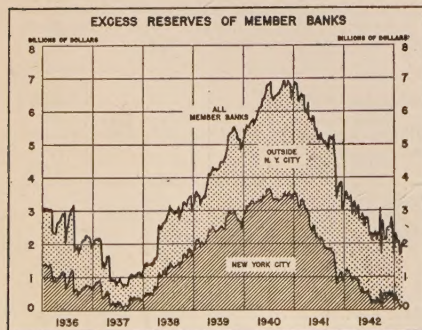
Federal Reserve monthly index of physical volume of production, adjusted for seasonal variation, 1935-39 average = 100. Latest figures shown are for January 1943.



Federal Reserve monthly indexes of value of sales and stocks, adjusted for seasonal variation, 1923-25 average = 100. Latest figures shown are for January 1943.



Wednesday figures. Latest figures shown are for February 17, 1943.



Wednesday figures, partly estimated. Latest figures shown are for February 17, 1943.

Industrial activity rose further in January and the first half of February. Retail sales continued in large volume in January and were at an exceptionally high level early in February.

Production. Volume of industrial production showed another marked gain in January reaching a level of 200 per cent of the 1935-1939 average, according to the Board's adjusted index, compared with 197 in December. The increase reflected largely a growth in activity in the munitions industries, including production of chemicals for war purposes.

Activity at shipyards and in aircraft and machinery plants continued to expand sharply. Deliveries of completed merchant ships in January were somewhat less than in December but were still at the high level of over 1 million deadweight tons. Total iron and steel production rose to the level of last November, but was still slightly below the October peak, and electric steel output, important for munitions manufacturing, reached a record level 5½ times as large as in the 1935-1939 period. Operations at steel mills were near capacity during the first three weeks of February.

Nondurable manufactures, as a group, continued to show little change. Production of meats under Federal inspection, except beef, declined sharply from the high level in December. Output of most other foods was maintained; production for military and lend-lease needs, particularly of highly processed foods, rose further and there was a corresponding decline in output of these products for civilians. Newsprint consumption declined in January as a result partly of a Federal order restricting newsprint use.

Mineral production declined slightly in January, reflecting a small reduction in output of crude petroleum. Output at coal and metal mines showed little change. Anthracite production in the first half of January was reduced by an industrial dispute, but for the month of January as a whole, output was only 3 per cent lower than in December.

Value of construction contracts awarded, according to figures of the F. W. Dodge Corporation, was much smaller in January than in other recent months but was still slightly higher than a year ago. Reductions occurred in all types of public awards, which now account for most of the total. A decline has been indicated for some time as a result of actions of the War Production Board designed to limit construction activity to projects that are essential. On October 23, 1942, it had established a committee to review proposals for new construction; through February 12, work on projects estimated to cost 1.3 billion dollars was stopped either by the War Production Board or by the Government agencies initiating them.

Distribution. Distribution of commodities to consumers was in large volume in January and the first half of February. Retail sales of merchandise declined less than seasonally in January and rose sharply in the first half of February when a buying wave developed, particularly in clothing. At department stores, sales increased considerably in the first week of February and then reached an exceptionally high level during the second week, stimulated partly by the announcement of shoe rationing.

Freight carloadings declined somewhat less than seasonally in January and the adjusted index increased 1 per cent. Miscellaneous loadings accounted for most of the rise. Substantial increases in loadings of most types of commodities occurred in the first two weeks of February.

Commodity Prices. The average level of wholesale commodity prices continued to advance in January and the early part of February. Prices of most farm products showed further increases. Maximum wholesale and retail prices were raised for a number of miscellaneous commodities including coal, while reductions were effected in maximum prices for some items like rayon tops and waste.

Retail prices of foods continued to rise from mid-December to Mid-January with increases largely in meats, dairy products, and processed fruits and vegetables.

Bank Credit. Excess reserves of member banks declined from an average level of about 2.2 billion dollars in the last half of January to 1.6 billion early in February, but increased somewhat around the middle of the month. Increases in currency in circulation continued to be the major factor responsible for the decline, although substantial fluctuations occurred in Treasury balances and Reserve Bank credit. Most of the decline in excess funds was at banks in New York City and Chicago, where reserves have recently been close to legal minimum requirements. Over the five-week period ending February 17, the currency drain amounted to 520 million dollars, bringing total currency in circulation to 15.8 billion on February 17.

Holdings of Government obligations at reporting banks in leading cities outside New York and Chicago increased by 640 million dollars over the five-week period ending February 17. At banks in New York and Chicago, holdings of Government securities declined by 360 million, principally through sales to the Reserve Banks for the purpose of restoring reserves. Government deposits at banks were reduced in the period, while other deposits increased.

United States Government Security Prices. Following a rise in the first half of January, prices of United States Government securities have been steady.